
Staff. The Commission Staff supported the FCC emergency functionality requirement as an important public safety goal. In addition, Staff found that emergency planning by an ETC demonstrates its commitment to service quality and reliability.

Western Wireless. Western Wireless did not oppose the emergency functionality requirement provided that it is imposed in a competitively neutral manner and suggests that the Commission consider requiring ETC applicants to commit to industry-standard best practices for addressing emergency situations. According to Western wireless, most wireless carriers maintain back-up power at both cell sites and switches that allow the network to remain functional for four to eight hours during a loss of external power. In addition, carriers may have one or more back-up generators available if external power is lost for an extended period of time.

In terms of re-routing, Western Wireless argues that it engineers a degree of redundancy into its transport network but it is impossible to ensure that all calls will be delivered when a cell site goes down, because re-routing depends on the availability of another site to pick up the signal. Western Wireless argues that the availability of another site is a function of technology and network engineering and should not be seen as lack of ability or commitment to provide service in emergency situations.

With regard to traffic spikes, Western Wireless stated that wireless companies generally engineer their networks so that fewer than 2% of calls are blocked at cell sites at the busiest hour of the day, and less than 1% of calls are blocked at the switch. In addition, excess digital traffic can be directed to open analog channels. According to Western Wireless, these standards should be sufficient, because emergencies are rare and unpredictable and no wireless carrier could justify spending capital resources to overbuild capacity at every cell tower.

Verizon. Verizon argued that it is already committed to maintain service in the face of weather and other emergencies, because of its "carrier-of-last-resort" responsibilities; thus, requiring an additional demonstration of emergency functionality would be redundant.

Commission Finding. The Commission will follow the FCC's proposed guidelines regarding emergency functionality. These requirements, as Staff suggested, demonstrate a commitment to service quality and reliability. Further, while different carriers in different industries and geographic areas will have different technological challenges and opportunities to meet these functional requirements, the requirements do not on their face appear to favor one technology over another.

Thus, in order to demonstrate the ability to remain functional in emergencies, the ETC applicant **must demonstrate** that it has a reasonable amount of **back-up power to ensure functionality** without an external power source, is able **to** re-route traffic **around** damaged facilities, and **is** capable of managing traffic **spikes resulting from** emergency situations.

3. **A Commitment to Consumer Protection and Service**

Pursuant to 47 C.F.R. § 54.202(a)(3), an ETC applicant must **demonstrate** a commitment to satisfy applicable consumer protection and **service quality standards**, including a Commitment from **wireless applicants** to comply with the Cellular Telecommunications and Internet Association's Consumer Code **for** Wireless Service ("CTIA Code").

Staff. The Commission Staff supported **this** requirement **emphasizing** that the Commission may decide to impose additional consumer protection **and** service quality **standards** in the **future** on a case-by-case basis.

Western Wireless. Western Wireless supported the adoption of **this** FCC Rule and the **CTIA** Code, because Western Wireless believes that adherence to the principles and practices set forth in the CTIA Code **ensures** that wireless carriers provide high quality consumer service.

potlatch. Potlatch argued **that** all ETCs should be held **to** the same **service** and consumer protection **standards** relating to voice quality, network reliability, **repair** standards, held service orders, emergency back-up (eight hour minimum), **disconnection**, deposits, late fees, consumer complaints, billing requirements, and lifeline participation.

Verizon. Verizon argued that it is already committed to existing **state** customer protection rules as an ILEC; thus, requiring Verizon to comply with **this** rule would be redundant.

Commission Finding. Given the general agreement among the commenters, the Commission adopts the FCC's proposed guidelines regarding customer protection and service, Recognizing that there may be different **standards** applicable to the ETC applicant based on best practices in the industry and the technology involved, the Commission will require **that** all wireless applicants for ETC designation **agree** to comply with the CTIA Code. Other **similar** commitments will be considered on a case-by-case basis.

4. **A Local Usage Plan Comparable to that of the ILEC**

Under the new FCC Rules, ETC applicants must demonstrate that their usage **plan** is comparable to the ILEC(s) in the service areas for which it seeks designation. 47 C.F.R. §

54.202(a)(4). The FCC Rule **does** not include **a** specific local usage threshold allowing the comparison to be done **on** a case-by-case **basis**.

Staff. The Commission Staff supported **this** requirement explaining that the local usage plan **need** not be a fully flat **rated** plan but should allow sufficient minutes of use to **meet** customer needs.

Western Wireless. ~~Western~~ Wireless opposed **this** requirement, because it alleges that it is **unnecessary**, not competitively neutral, and reduces consumer choice. Western Wireless argued that it should be allowed to offer the FCC's **supported** services within service plans **that** are **designated** to **satisfy** consumers in **a** competitive market. Further, making the ILEC's service offering the baseline is **at** odds with the principle **of** competitive neutrality.

Nonetheless, should **the** Commission adopt a comparability requirement, Western Wireless suggested that the comparison be made with reference to one **plan** available from **the** ETC applicant, rather **than** all **plans** **that** contain the supported **services**. Western Wireless further suggested that the Commission consider the **values** of mobility, larger **local calling** areas, and other features of wireless **service** when comparing the ETC applicant's service offering with that of the incumbent.

Verizon. Verizon opposes applying **this** requirement to an ILEC, such **as** Verizon, arguing that it makes no sense when the ETC is the ILEC.

Commission Finding. Rather than require that **the** applicant's usage plan is comparable to that of the ILEC, we find **that** it is **sufficient** for the ETC applicant to simply describe its local **usage** plans and those of the ILEC. **This will** assist the Commission in identifying any benefits to consumer choice that the applicant might provide and **the** unique advantages or disadvantages of the applicant's service offering. This information is essential to the public interest analysis.

The Commission does not **intend to** require that the ETC applicant's service plan is identical to that **of** the incumbent. With competition, **the customers** **should** have the option to obtain the **type** of service offering they would like. **The** Commission rejects the comparability requirement, because it could potentially discourage **carriers** from **offering** diverse choices.

5. Recognition that **the Carrier May Someday be Asked to Provide Equal Access**

~~Under~~ the new FCC Rules, in order to be eligible for ETC designation, the applicant must certify that it may be required to provide equal access to long distance carriers in the event

that no other ETC is providing equal access within the service area. 47 C.F.R. § 54.202(a)(5). Equal access includes the ability to access the presubscribed long distance carrier of the customer's choice by dialing a single digit "1" versus a multiple digit access code (NXXX_).

Staff. The Commission **Staff** supported this requirement. Staff argued that if the ILEC or other ETCs in a service area relinquish their ETC designation, it is in the public interest to require the remaining ETC to provide equal access.

Western Wireless. Western Wireless argued that the Commission should not require equal access certification, because the FCC, and not the state commission, has the authority to require a commercial mobile radio services (CMRS) provider to provide equal access.

ITA. ITA suggested that the Commission go further than the FCC rule and require an ETC applicant to explain how it would provide equal access to long distance carriers if that becomes necessary.

Verizon. Verizon stated that it is already subject to the equal access requirement as an ILEC; thus, requiring Verizon to comply with this rule would be redundant.

Commission Finding. The Commission agrees with Western Wireless and concludes that it will not ask an ETC applicant to certify that it may someday be asked to provide equal access. We find that this requirement is based entirely on speculation and would serve no substantive purpose. Should all other ETC providers relinquish service in a given area, then the Commission at that time will address what requirements might fall upon the sole remaining ETC.

6. Reporting Deadline

Pursuant to 47 C.F.R. § 54.202(b), those carriers previously designated as ETCs or with ETC applications pending on the effective date of the new FCC Rules will be required to show that they meet the eligibility requirements no later than October 1, 2006 as part of the annual certification filing. According to the FCC, different ETCs should not be subject to different obligations, going forward, because of when they first obtained ETC designation.

Western Wireless. Western Wireless filed the only comments on this issue arguing that any new substantive and reporting standards should be applicable to ETC applications filed in 2006 and should not apply to pending applications. In addition, Western Wireless supported the application of the new rules to all carriers, not just competitive ETCs or wireless ETCs.

Commission Finding. The Commission agrees with the FCC's conclusion that different ETCs should not be subject to different obligations depending on when they first

obtained ETC designation. Therefore, all carriers that file ETC applications after the date this Order is issued and all carriers previously granted ETC status by this Commission shall demonstrate that they comply with the additional eligibility requirements set forth above. All carriers filing ETC applications after the date of this Order shall include such information in the ETC application, and all carriers previously granted ETC status by this Commission shall file a report demonstrating that they meet the additional eligibility requirements no later than September 1, 2006. This will allow the Commission sufficient time to complete a review of the information prior to annual certification, which is due on October 1 of each year.

The Commission does not at this time determine whether these additional requirements should also apply to the only ETC application currently pending, which is that of Western Wireless, Case No. WST-T-05-1. That issue is resewed for consideration at a later date and shall be briefed in the context of this Commission's consideration of the Western Wireless Application, which shall take place at a hearing to be scheduled as soon as practicable following issuance of this Order.

7. Public Interest Analysis

The new FCC Rules describe the factors to be considered when determining whether designating an additional ETC in a rural or non-rural telephone company service area is in the public interest. This rule also requires consideration of potential cream skimming effects in instances where an ETC applicant seeks designation below the study area level of a rural telephone company.

Staff. The Commission Staff supported the FCC's public interest analysis. Staff asserted that the Commission has applied these same considerations in past ETC designation decisions, including the Commission's *Clear Talk* Order, Order No. 29541.

Western Wireless. Western Wireless also supported the adoption of the public interest analysis set forth in the new FCC Rules. However, Western Wireless alleged that the new guidelines depart from the Commission's *Clear Talk* Order. Western Wireless asserted that in the *Clear Talk* Order the Commission noted that the ETC applicant had not demonstrated the need to receive universal service support in order to extend service. Western Wireless argued that such a "needs test" is discriminatory and should not be applied.

Western Wireless also argued that the proposed cream skimming analysis should go further. Western Wireless suggested that if the rural telephone company has disaggregated

support ~~or~~ if the population analysis does not demonstrate cream skimming, then the Commission should be required to authorize the applicant's designation in the wire centers where designation is sought.

Frontier. Frontier supported the proposed public interest standard. Frontier argued that the costs to be considered should include higher costs per line, because the cost of providing access in rural areas must be spread over a smaller customer base, and greater demands on the USF fund, as competitive ETCs receive support for duplicate network costs.

ITA. ITA also supported the proposed public interest standard finding the required analysis both reasonable and necessary to prevent unfair competition and excessive universal service support for competitive ETCs.

Potlatch. Potlatch also supported the proposed public interest standard. Potlatch argued that some rural areas may not be able to support more than one ETC due to the high cost nature of the serving ~~m a~~. Potlatch further proposed that if the Commission decides to designate more than one ETC in a service area, it should consider limiting the number of ETCs designated in rural company service areas to no more than one wireline and one wireless provider in order to prevent undue pressure on the universal service support fund.

Commission Finding. Noting that all of the commenters support the FCC's proposed public interest analysis, the Commission adopts this analysis. Further, the Commission agrees with Staff and finds that the FCC's proposed public interest determination is consistent with the Commission's previous decisions and was already applied in the *Clem Talk Order*. Order No. 29541.

The Commission further finds that Western Wireless' argument that the FCC's public interest determination departs from the Commission's previous analysis in the *Clear Talk Order* reflects a misunderstanding of the public interest analysis. According to Western Wireless, the FCC's proposed public interest determination would limit the Commission's public interest analysis only to those factors identified by the FCC. We reject such an interpretation of the FCC's guidelines. In adopting the FCC's proposed public interest analysis, this Commission adopts an analytical framework for making a public interest determination. This framework necessarily involves the consideration of certain enumerated factors, such as the benefits to consumer choice, the unique advantages and disadvantages of the applicant's service offering,

and, where applicable, consideration of **cream** skimming. However, the Commission **may** consider other relevant public interest determinations in its public interest determination.

Thus, in determining whether ETC designation is in the public interest, this Commission shall consider the benefits of increased consumer choice, and the unique advantages and disadvantages of the applicant's **service** offering. In instances where an ETC applicant seeks designation below the study level of a rural telephone company, the Commission shall also conduct a **cream** skimming analysis that compares the population density of each wire center in which the ETC applicant seeks designation against that of the wire centers in the study area in which the ETC does not seek designation. In its **cream skimming** analysis, the Commission shall consider other factors, such as disaggregation of support by the ILEC. In addition, the Commission **may** consider any other factors it deems relevant to determining whether an application is in the public interest.

8. Tribal Notification

Only Western Wireless addressed this issue. Western Wireless **does** not oppose the Commission's adoption of such a rule where relevant and applicable.

Commission Finding. The Commission will follow the FCC's proposed guidelines for tribal notification. A common carrier seeking ETC designation for **any** part of **tribal lands** shall provide a copy of its application to **the** affected tribal government or tribal regulatory authority, as applicable, at the time it files its application with the Commission. In addition, the Commission shall send the relevant public notice seeking comment on any petition for designation as an ETC on tribal lands, at the time it is released, to the affected tribal government and tribal regulatory authority, as applicable.

C. Reporting Requirements

The FCC Rules **require** annual reports based in large part on the eligibility requirements. **See** 47 C.F.R. § 54.209(a). Pursuant to 47 C.F.R. § 54.209(b), these annual reports are due beginning October 1, 2006 and on October 1 every **year** thereafter.

Staff. The Commission Staff supported all of the reporting requirements. Without these annual reports, Staff notes, the designation requirements could become "empty promises"

Western Wireless. Western Wireless supported the **new** annual reports regarding **unfulfilled** requests for service, certification regarding CTIA compliance, and certification regarding emergency functionality. In addition, Western Wireless generally supported a

Commission requirement regarding outage reports. However, Western Wireless argued that the reporting should track the reporting already required by federal law. Pursuant to federal law, all carriers providing voice communications are subject to federal outage reporting requirements. *In the Matter of New Part 4 of the Commission's Rules Concerning Disruptions to Communications*, ET Docket No. 04-35, *Report and Order and Further Notice of Proposed Rulemaking*, FCC 04-188 (Aug. 19, 2004) ("Outage Order"). These standards are tailored to the technology used and are similar but not identical to the new FCC Rule. Western Wireless argued that the Commission should require annual outage reports identical to those set forth in the Outage Order. This will provide the Commission with sufficient information without imposing a second set of standards for tracking and reporting outages.

Western Wireless opposed reporting requirements regarding service complaints and certification that its local usage plan is comparable to that of the incumbent. In addition, because Western Wireless disagrees with the eligibility requirement regarding a five-year plan, it also opposed an annual filing regarding such a plan. Western Wireless argued that an annual report covering a 24-month period would be more reasonable. Western Wireless further suggested that this annual report include: (1) how much support the carrier received in the prior calendar year and how that support was used; (2) how actual spending differed from any plans previously provided to the Commission; and (3) how much support the carrier anticipates receiving in the current calendar year and how that support has been and will be used. This annual filing would also include an affidavit from a company representative stating that support received in the following year would only be used for its intended purposes and would be treated as "trade secret" and not available for public disclosure. According to Western Wireless, this more intense certification process is similar to that taken in other states, including West Virginia, Maine, Vermont, Oregon, and South Dakota.

Commission Finding. The Commission finds that annual reports are necessary to provide us with the information necessary to fulfill our certification obligations under the federal Act. In addition, annual reports based on the initial eligibility requirements will help reinforce these eligibility requirements. Moreover, annual reports regarding outages and customer complaints, though not directly related to the initial eligibility requirements, will help ensure that USF funds are being used for the purpose of improving service quality in high-cost areas. Therefore, beginning on September 1, 2006, and every year thereafter, the Commission will

require that all designated ETCs submit the following information, in order to be eligible for ETC certification.

1. Two-Year **Network** Improvement Plan **and** Progress Report

To reinforce the initial eligibility requirements and **ensure** that federal USF funding is **being used** for its intended purpose, the Commission requires the annual submission of a progress report on *the* ETC's most recent **two-year** network improvement plan **as well as** the submission of a new two-year network improvement plan. The progress report must include maps detailing the ETC's **progress towards** meeting its plan targets; **an** explanation of **how** much universal service support was received and how it **was used** to improve signal quality, coverage, or **capacity**; and **an** explanation **regarding** any **network** improvement targets that have **not** been fulfilled. This information should be submitted at the wire center level.

Mirroring the network improvement plan required for eligibility, the two-year **network** improvement plan in the **annual** report must describe with specificity proposed improvements or upgrades to the applicant's **network** on a wire center-by-wire center basis throughout its proposed designated service area. Each applicant must also demonstrate **how** signal quality, coverage or capacity will improve due to **the** receipt of high-cost support, **the** projected **start date** and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; the specific geographic areas where the improvements will be made; and the estimated population **that** will be served as a result of the improvements. If **an** applicant believes **that** service improvements in a particular wire center **are** not needed, it must explain its basis for this determination **and** demonstrate how funding will **otherwise** be used to further the provision of supported services in that area.

2. **outages**

The Commission will follow the guidelines proposed by the **FCC**. Thus, **the annual** reports must require detailed information on any outage, **as** that term is defined in 47 C.F.R. § 4.5, of at least thirty (30) minutes in duration for each service area in which an ETC is designated for any facilities it **owns**, operates, leases or otherwise utilizes that potentially affect (a) at least ten percent of the end users served in a designated service area; or (b) **a 911** special facility, **as** defined in 47 C.F.R. § 4.5(e). Specifically, the ETC's annual report must include information detailing: (a) the date and time of onset of the outage; (b) a brief description of the outage and its resolution; (c) the particular **services** affected; (d) the geographic areas affected by **the** outage;

(e) the steps taken to prevent a similar situation in the future; and (f) the number of customers affected

3. Unfulfilled Service Requests

The Commission will follow the FCC's proposed guidelines and require that all ETCs submit an annual report each year indicating the number of requests for service from potential customers within the ETC's service areas that were unfulfilled in the previous year. The carrier shall also detail how it attempted to provide service to those potential customers as set forth in the eligibility determination.

4. Customer Complaints

The Commission will follow the FCC's proposed guidelines and require that the ETC provide the number of complaints per 1,000 handsets or lines.

5. Service Quality and Consumer Protection Certification

The Commission will follow the FCC's proposed guidelines and require certification that the ETC is complying with applicable service quality standards and consumer protection rules.

6. Descriptions of the Applicant's local usage plan and that of the ILEC.

As indicated above, the Commission will not require the ETC to provide a local usage plan comparable to that of the ILEC. However, the Commission does want to monitor what types of plans are being offered by the ILEC and the competitive ETCs. Thus, the Commission directs each ETC to submit annual reports describing the ETC's local usage plan(s) as well as that of the ILEC.

D. Additional Recommendations

In addition to supporting the FCC Rules as minimum guidelines, CenturyTel, Frontier, and Potlatch recommended that the Commission adopt additional requirements detailed below.

1. Support Based on ILEC's Cost of Service

CenturyTel argued that the Commission should require that a competitive ETC serve the ILEC's entire study area or receive support based on the ILEC's costs only for the area that the competitive ETC seeks to serve. According to CenturyTel, this would guarantee competitive neutrality.

Commission Finding. The Commission **rejects** CenturyTel's recommendation, as it is beyond the scope of inquiry in this case. This case is focused on the **merits** of the new FCC Rules regarding ETC designation and certification, not the basis of the USF support calculation.

2. Csmer of Last Resort Obligations

CenturyTel, Frontier, and Potlatch urged the Commission to require competitive ETCs to assume "carrier of last resort" responsibilities. Because **an** ETC may withdraw from **an** **area** served by more than one ETC, Frontier **argued that** all ETCs must be willing **and** able to fulfill all of the expectations and obligations of existing carriers. Potlatch **further** argued that all ETCs should be willing **to serve** the entire service **area** within **one** year of receiving ETC designation and should **comply** with universal service reporting requirements applicable to carrier of last resort.

Commission Finding. The Commission declines to adopt the recommendation of CenturyTel, Frontier, and Potlatch. The Commission does not **think** it is necessary to require **an** ETC to assume carrier of last resort obligations **as part** of the ETC process. Should **an** ETC applicant **become** the sole remaining provider of telecommunications service in a given service **area**, the Commission will address whatever additional requirements may be necessary. See *Idaho Code* §§ 62-612 (limiting a carrier's right to withdraw or discontinue local telephone service).

3. Adequate Financial Resources

CenturyTel recommended that **the** Commission evaluate **whether** ETC applicants have **sufficient** financial resources to provide quality service throughout the service **area**. This requirement would ensure that a carrier receiving financial support is able to sustain its operations and serve all customers in the designated **area**.

Commission Finding. The Commission **finds** that our current certification process requires a certain showing of financial capability, and that is sufficient for the Commission's purposes. *Idaho Code* §§ 61-526 through -528, IDAPA 31.01.01.111 and 112 (**Rules** 111 and 112), and Procedural Order No. 26665.

4. Official Notice

Frontier requested that the Commission take administrative notice of the FCC's record in Docket No. **96-45** (FCC **05-46**).

Commission **Finding**. The **Commission** does not believe it is **necessary** to take official notice of the record developed in a separate case before the FCC. **The Commission** is satisfied ~~that the record~~ in this case is **sufficient** to support its decision.

SUMMARY

After reviewing the FCC Rules, the FCC **Order**, and the comments filed ~~in this case~~, the Commission **finds** that it **needs** more detailed information to consider when making ETC designation and certification decisions. This **information** is **necessary** for the Commission to fulfill its duties and obligations under the federal Act and will provide carriers with greater clarity in the ETC designation process. Therefore, ~~the Commission will now require~~ the following additional information when determining initial ETC designation: (1) a commitment to provide service throughout the proposed service area and a two-year **network** improvement plan to demonstrate ~~the commitment~~ and ability to provide the **supported services**; (2) the ability to **remain** functional in emergency situations; (3) a commitment to **satisfy** applicable consumer protection and service quality standards, such as the CTIA Code, if applicable; (4) descriptions of the applicant's local usage plan and ~~that~~ of the ILEC; (5) demonstration that granting the carrier ETC **status** is in the public interest; and (6) ~~tribal~~ notification, if applicable. **This** information ~~shall~~ be included in all future ETC applications, and all carriers previously granted ETC status by this Commission ~~shall~~ file such information by September 1, 2006.

In addition, the Commission will require **annual** reports **with**: (1) a two-year network improvement plan and progress report; (2) **outage** information; (3) the **number** of unfulfilled service requests (4) the number of complaints per 1,000 handsets or lines; (5) certification that the ETC is complying with applicable service quality standards and consumer protection rules; and (6) descriptions of the applicant's local usage plan and that of the **ILEC**. These **annual** reports will be due for the first time by September 1, 2006 and on September 1 every year thereafter.

For the convenience of carriers with ETC designation and carriers seeking ETC designation in the future, ~~we~~ have compiled the relevant ETC requirements in an Appendix to this Order.

ORDER

IT IS HEREBY ORDERED ~~that~~ all applications for designation as ~~an~~ eligible telecommunications carrier in Idaho pursuant to 47 U.S.C. § 214(e)(2) must comply with the designation requirements ~~as outlined in this Order~~.

IT ~~IS~~ FURTHER ORDERED that all carriers previously designated eligible telecommunications carriers by ~~this~~ Commission pursuant to 47 U.S.C. § 214(e)(2) ~~must comply with the designation requirements as outlined in this Order by September 1, 2006~~.

IT IS FURTHER ORDERED ~~that~~ all eligible telecommunications carriers seeking ~~universal~~ service support must file an annual report ~~with this Commission as outlined in this Order by September 1, 2006 and on every September 1 thereafter~~.

THIS IS A FINAL ORDER. Any person interested ~~in~~ the Order may petition for reconsideration within twenty-one (21) days of the service date of ~~this Order with~~ regard to ~~any matter~~ decided ~~in this Order~~. ~~Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See Idaho Code §§ 61-626 and 62-619.~~


DONE ~~by~~ Order of the Idaho Public Utilities Commission ~~at~~ Boise, Idaho ~~this~~ 4th day of August 2005.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

ORDER NO. 29841

22

APPENDIX

Requirements for Eligible Telecommunications Carrier (ETC) Designation, Reporting, and Certification.

A. STATUTORY DESIGNATION REQUIREMENTS

All ETC applicants must follow the federal statutory requirements for ETC designation. See 47 U.S.C. § 214(e)(1).

1. Common Carrier

The ETC applicant must be a "common carrier" as defined by 47 U.S.C. § 153(10).

2. Provide the Universal Services

The ETC applicant must demonstrate that it is capable of providing and will continuously provide, throughout its proposed service area the universal services set forth in 47 C.F.R. § 54.101(a), either by using its own facilities or a combination of its own facilities and resale of another carrier's services. See 47 U.S.C. § 214(e)(1)(A). These services include:

- (a) Voice grade access to the public switched network;
- (b) Local calling;
- (c) Touch tone signaling or its functional equivalent;
- (d) Single-party service or its functional equivalent;
- (e) Access to 911 emergency services where available;
- (f) Access to operator services;
- (g) Access to Long-distance service;
- (h) Access to directory assistance; and
- (i) Toll limitation service.

See 47 C.F.R. § 54.101(a).

3. Advertising

The ETC applicant must demonstrate that it will advertise the availability of its universal service offering and the charges therefore using media of general distribution. See 47 U.S.C. § 214(e)(1)(B).

4. Public Interest

The ETC applicant must demonstrate that ETC designation is consistent with the public interest, convenience, and necessity; and, in the case of an area served by a rural telephone company, demonstrate that the public interest will be met by an additional designation.

5. Tribal Notification

An ETC applicant seeking ETC designation for any part of tribal lands shall provide a copy of its application to the affected tribal government or tribal regulatory authority, as applicable, at the time it files its application with the Commission. In addition, the Commission shall send the relevant public notice seeking comment on any petition for designation as an ETC on tribal lands, at the time it is released, to the affected tribal government and tribal regulatory authority, as applicable.

B. ADDITIONAL ELIGIBILITY REQUIREMENTS

All ETC applicants in Idaho must also satisfy the following additional requirements for ETC designation in Idaho. All ETCs previously designated by this Commission pursuant to 47 U.S.C. § 214(e)(2) must provide this information by September 1, 2006.

I. The Commitment and Ability to Provide Supported Services

The ETC applicant must certify that it will: (a) provide service on a timely basis to requesting customers within the applicant's service area where the applicant's network already passes the potential customer's premises; and (b) provide service within a reasonable period of time, if the potential customer is within the applicant's licensed service area but outside its existing network coverage, if service can be provided at reasonable cost by (i) modifying at replacing the requesting customer's equipment; (ii) deploying roof-mounted antenna or other equipment; (iii) adjusting the nearest cell tower; (iv) adjusting network or customer facilities; (v) reselling services from another carrier's facilities to provide service; or (vi) employing, leasing or constructing an additional cell site, cell extender, repeater, or other similar equipment.

The ETC applicant must also submit a two-year network improvement plan that describe with specificity proposed improvement or upgrades to the applicant's network on a wire center-by-wire center basis throughout its proposed designated service area. Each applicant must also demonstrate how signal quality, coverage or capacity will improve due to the receipt of high-cost support; the projected start date and completion date for each improvement and the

estimated amount of investment for each project that is ~~funded~~ by high-cost support; the specific geographic areas where the improvements **will** be made; **and** the estimated population that will be served as a **result** of the improvements. If **an** applicant believes that service improvements in a particular Wire center are not needed, it **must explain its basis for this determination** and demonstrate how funding **will** otherwise be **used to further** the provision of supported services in that area.

2. The Ability to Remain Functional in Emergencies

The ETC applicant **must** demonstrate that **it** has a reasonable amount of back-up power to ensure functionality without an external power source, is able to re-route traffic around **damaged** facilities, and **is** capable of managing traffic spikes resulting from emergency situations

3. A Commitment to Consumer Protection and Service

The ETC applicant must certify that it **will** comply with all applicable service **quality** standards and consumer protection rules. In addition, all wireless carriers **seeking** ETC designation **must** agree to comply with the Cellular Telecommunications and Internet Association's C o m e r Code for Wireless Service ("CTIA Code").

4. Description of the Local Usage Plans

The ETC ~~applicant~~ **must** provide a description of its local wage plans and a description of the local usage plan(s) of the incumbent local exchange carrier (ILEC).

C. REPORTING REQUIREMENTS

Beginning on September 1, 2006, and every **year** thereafter, all **carriers requesting** high-cost support **must** submit **an annual** report to the Commission

1. Two-Year Network Improvement Plan and P r o p s Report

The **annual** report **must** include a progress report demonstrating **what** progress **has** been **made** in the last year **toward** goals outlined in the **most** recent two-year network improvement plan. The **progress** report must include **maps** detailing the ETC's progress towards **meeting** its plan targets, **an** explanation of **how** much universal service support was received and how it was used to improve signal quality, coverage, or capacity, and an explanation **regarding** any network improvement targets that have not been **fulfilled**. **This** information should be submitted at the wire center level. The annual report must also include a **new** two-year network

improvement plan indicating plans ~~for~~ future investment. The two-year **network** improvement plan **must** provide ~~the same information~~ required for ETC designation. **See, *infra*, Appendix B.1.**

2. Outages

The annual report **must** include detailed information on any outage, ~~as that term is~~ defined in 47 C.F.R. § 4.5, of at least ~~thirty (30) minutes in~~ duration ~~for each~~ service area in which an ETC is designated for **any** facilities it **owns**, operates, leases or otherwise **utilizes** that potentially affect **(a)** at least ten percent of the end **users** served in a designated service area; or **(b)** a 911 ~~special~~ facility, as defined in 47 C.F.R. § 4.5(e). Specifically, **the annual report must** include information detailing: (a) the date ~~and time of~~ onset of the *outage*; (b) a brief description of the outage and its resolution; (c) the particular services ~~affected~~; (d) the geographic areas affected by the outage; (e) the steps taken to prevent a **similar** situation in the **future**; and (f) the number of customers ~~affected~~.

3. Unfulfilled Service Requests

The annual report **must** include ~~the~~ number of requests for service from potential customers ~~within~~ the ETC's service **areas** that ~~were~~ unfulfilled in the previous year. The carrier shall ~~also~~ detail **how** it attempted to provide service to those potential customers.

4. Customer Complaints

The annual report **must** include the number of complaints **per** 1,000 handsets or lines.

5. Service Quality and Consumer Protection Certification

The annual report **must** include certification that the ETC ~~is~~ complying with applicable service quality standards and ~~consumer~~ protection rules.

6. Descriptions of ~~the Applicant's~~ local usage plan and that of the ILEC.

The annual report **must** include a description of ~~the~~ ETC's local usage plan(s) and a description of ~~the~~ ILEC's local usage plan(s).

D. CERTIFICATION REQUIREMENTS

In order to be eligible for federal **USF** funding in any given year, the carrier **must** comply with ~~the~~ annual reporting requirements above. In addition, ~~the~~ carrier **must** certify to the Commission that all federal **high-cost support** provided to ~~the~~ carrier for **service areas** in Idaho ~~will be used~~ **only** for the provision, maintenance, and **upgrading** of ~~facilities~~ and services ~~for which the support was intended~~.

EXHIBIT B



Carol A. Brennan
Vice President
Industry Relations - West

Richard R. Snopkowski
Vice President
Industry Relations - East

Voice: 303-893-4402
Fax: 800-561-1328
E-mail: cbrenna@neca.org

Voice: 973-884-8319
Fax: 800-228-8563
E-mail: rsnopko@neca.org

October 16, 2006

To: General Contacts at All Traffic Sensitive Pool Participants

Re: FOR YOUR INFORMATION - 2007 Local Switching Support (LSS) Projection Data

Attached for your information is the study area-specific 2007 LSS projection data that NECA submitted to the Universal Service Administrative Company (USAC) on your behalf on September 29, 2006. As required to fulfill section 54.301 of the FCC rules, the data provided represent calendar year data necessary to project LSS amounts for the January 1, 2007 through December 31, 2007 period.

Please note that, although we have reflected a preliminary, estimated LSS amount on the attached form, this amount is not the official LSS amount for your company. USAC will calculate LSS based on the data submitted on September 29th.

If you have any questions, please contact your Region Member Service Manager.

Sincerely,

cc: Authorized Consultants

Attachment

Eastern Region
PH 800-228-8398
FX 800-228-8563

Midwest Region
PH 800-323-4853
FX 800-323-8402

Pacific Region
PH 800-223-8495
FX 800-254-9852

Southern Region
PH 800-223-7751
FX 800-551-3038

Southwestern Region
PH 800-351-8033
FX 800-774-2481

Western Region
PH 800-892-3322
FX 800-551-1328

North Central Region
PH 800-228-0180
FX 800-367-5058

FINAL DATA

DATA NECA PROVIDED TO USAC ON 9/29/06
FOR 2007 LOCAL SWITCHING SUPPORT PROJECTION

Study Area Code

472221

Study Area Name

FARMERS MUTUAL TEL

Tax Status (Y = Taxable, N = NonTaxable)

N

WORKING LOOPS & DIAL EQUIPMENT REMOTE FACTOR

2007 Data

Category 1.3 Loops: Enter the count of Category 1.3 Loops excluding Category 1.3 TDX (Teletypewriter Exchange service) loops.

3,000

1993 Interstate Unassigned Dial Equipment Minute (IDEM) Factor used in 1993 Cost Study (in fraction)

0.226243

1998 DFBI Weighting Factor (rnt)

3.0

2007
2006
Account

2007 Local Switching
PROVIDED FOR INFORMATION
PURPOSES ONLY.
TO BE CALCULATED BY USAC

INVESTMENT, PLANT OPERATIONS EXPENSE AND TAXES

Account 2001 - Telecommunication Plant in Service

12,898,881

Account 2210 - Central Office Switching Equipment

5,435,170

Account 2210 Cat. 3 - COE Category 3 local switching

5,435,170

Account 2220 - Operator System Equipment

0

Account 2230 - Central Office Transmission Equipment

750,704

Total Central Office Equipment

5,225,874

Account 2310 - Information Origination/Termination

0

Account 2410 - Cable and Wire Facilities

4,298,898

Account 2110 - General Support Facilities

2,172,091

Account 2090 - Amortizable Tangible Assets

0

Account 2090 - Intangibles

0

Account 2002 - Property Held for Future Telecommunications Use

0

Account 2003 - Telecommunications Plant Under Construction

94,103

Account 2005 - Telecommunications Plant Adjustment

0

Account 1402 - Investments in non-Affiliated Companies
(Plant Telephone Bank Stock)

0

Account 1220 - Materials and Supplies

41,290

Cash Working Capital

76,653

Account 3100 - Accumulated Depreciation-Switching

5,058,918

Account 3100 - Accumulated Depreciation-Support Assets

1,530,107

Account 4100 - Net Deferred Operating Income Taxes

0

Account 4340 - Net Noncurrent Operating Income Taxes

0

Account 3400 - Accumulated Amortization - Tangible

0

Account 3200 - Accumulated Amortization - Intangible

0

Account 3000 - Accumulated Amortization - Other

0

Account 0110 - Network Support Expense

1,585

\$5,435,170

\$1,121,891

\$0

\$0

\$0

\$27,441

\$0

\$0

\$34,790

\$22,813

\$5,058,918

\$650,711

\$0

\$0

\$0

\$0

\$0

\$651

FINAL DATA

DATA NECA PROVIDED TO USAC ON 8/29/06
FOR 2007 LOCAL SWITCHING SUPPORT PROJECTION

2007
Total
Account

2007 Local Switching
PROVIDED FOR INFORMATION
PURPOSES ONLY
TO BE CALCULATED BY USAC

Study Area Code

47221

Account 0120 - General Support Expense	55,211	\$49,520
Account 0210 - Central Office Switching Expense	425,184	\$374,065
Account 0220 - Operator Systems Expense	0	\$0
Account 0230 - Central Office Transmission Expense	3,708	\$3,235
Account 0310 - Information Origination/Termination Expense	0	
Account 0410 - Cable and Wire Facilities Expense	144,303	
Account 0510 - Other Property Plant and Equipment Expense	0	\$0
Account 0520 - Network Operations Expense	52,221	\$22,754
Account 0640 - Access Expense	68,000	
Account 0810 - Customer Services Marketing Expense	43,440	\$21,184
Account 8020 - Customer Operations Services Expense	204,272	\$125,909
Account 8710 - Executive and Planning Expense	233,648	\$131,105
Account 8720 - Corporate Operations Expense	317,384	\$178,078
Account 7220 - Operating State and Local Income Taxes	0	\$0
Account 7240 - Operating Other Taxes	114,948	\$49,205
Account 7210 - Operating Investment Tax Credits - net	0	\$0
Account 7250 - Provisions for Deferred Operating Income Taxes - net	0	\$0
Account 0590 - Depreciation and Amortization Expense-Switching	752,421	\$755,421
Account 0580 - Depreciation and Amortization Expense-Support	75,865	\$30,300
Account 7370 - Charitable Contributions only	0	\$0
Account 7300 - Interest and Related Items	0	\$0
Account 7340 - Allowance for Funds Used During Construction	0	\$0
Account 1410 - Other Non-current Assets	0	\$0
Account 1500 - Other Substantial Assets - net	0	\$0
Account 4370 - Other Substantial Liabilities and Deferred Credits - net	0	\$0
Account 4040 - Customer Deposits	2,800	\$1,241
Account 4310 - Other Long-Term Liabilities	0	\$0
Account 1400 - Deferred Compensation and Retirement	0	\$0

A Factor	((COE Category 2)/(COE-CMF+10T))
B Factor	(COE Category 3/Total Plant in Service)
C Factor	(COE Category 2/Total COE)
D Factor	(COE 3 Expense/Elig 3 Expense)
E Factor	(COE 3/COE Switching)

0.510412
0.422069
0.872717
0.591111
1.000000

Study Area Code

47221

FINAL DATA

DATA NECA PROVIDED TO USAC ON 9/28/06
FOR 2007 LOCAL SWITCHING SUPPORT PROJECTION

2007
Fiscal
Accounts

Current Period Net Investment
Prior Period Net Investment
Average Net Investment
Return on Investment
Federal Taxable Income
Federal Income Tax Requirement
Expenses and Other Taxes
Local Switching Revenue Requirement
Local Switching Support

2007 Local Switching PROVIDED FOR INFORMATION PURPOSES ONLY. TO BE CALCULATED BY USAC	
	\$200,000
	\$1,675,153
	\$1,201,100
	\$145,719
	\$0
	\$0
	\$1,732,100
	\$1,876,870
	\$657,001

Notes:

Projection data based upon data supplied for 2006 Annual Tariff Filing.

EXHIBIT C



James E. Risch, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

September 27, 2006

Paul Kjellander, President
Marsha H. Smith, Commissioner
Dennis S. Hansen, Commissioner

Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW, Room TW - A306
Washington, DC 20554

Received & Inspected

SEP 29 2006

FOUO Room

Karen Majcher
Vice President, High Cost & Low Income Division
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

RE: Certification of Support for Rural and Non-Rural High-Cost Carriers Pursuant to 47 C.F.R. Sections 54.313-314, CC Docket Nos. 96-45 and 00-256

The Idaho telephone companies listed on the attachment have certified to the Idaho Public Utilities Commission that **all** federal high cost support provided to rural and non-rural carriers in this state will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended, consistent with § 254 (e) of the Communications Act of 1934, as amended.

In reference to rate comparability in CC Docket No. 96-45, FCC 03-249, released on August 11, 2006, Idaho has reviewed the residential rates in rural areas of the state. **All** residential rates in Idaho are below the safe harbor nationwide benchmark of \$34.58 per month.

Sincerely,

Grace Seaman
Utility Analyst
Idaho Public Utilities Commission
208.334.0352

Enc

2006 SEP 29 10:00 AM
0

RURAL AND NON-RURAL CARRIERS CERTIFIED BY THE IDAHO PUC
September 27, 2006

RURAL CARRIERS	SAC
Albion Telephone Company, Inc. dba ATC Communications	472213
Cambridge Telephone Company, Inc	472215
Custer Telephone Cooperative, Inc	472218
Filer Mutual Telephone Company	472220
Fremont Telcom, Inc.	412222
CenturyTel of the Gem State, Inc.	472223
CenturyTel of Idaho, Inc.	472225
Midvale Telephone Exchange, Inc.	412226
Mud Lake Telephone Cooperative	412221
*Potlatch Telephone Company, Inc. dba TDS Telecom	472230
Direct Communications-Rockland	412232
Rural Telephone Company	472233
Columbine Telephone Company dba Teton Telecom and Silver Star Communications	472295
Project Mutual Telephone Cooperative Association, Inc.	472331
Inland Telephone Company	472423
Citizens Telecommunications Company of Idaho dba Frontier Communications of Idaho	474427
Oregon-Idaho Utilities, Inc.	532390
 NON-RURAL CARRIERS	 SAC
Verizon Northwest, Inc.	472416
Qwest Corporation — Northern Idaho	475162

*Reported as Troy Telephone Company in 2005